



### ***BIS Export Enforcement***

*Keeping the most sensitive goods  
out of the most dangerous hands*

## **MAJOR CASES LIST**

*October 1, 2005*

The Commerce Department's Bureau of Industry and Security (BIS), administers and enforces U.S. export control laws to advance U.S. national security, foreign policy and economic interests.

Through its own enforcement arm, the Office of Export Enforcement (OEE), BIS is able to integrate its export licensing, education and enforcement activities to most effectively regulate international trade in sensitive dual-use items, prevent violations and combat illicit trafficking and proliferation. OEE is an elite law enforcement organization recognized for its expertise, professionalism, integrity and accomplishments in export enforcement.

BIS's export enforcement activities focus on the most significant threats facing the United States today. OEE's top priorities are to prevent and pursue illegal exports intended to facilitate the proliferation of Weapons of Mass Destruction (WMD) and missile delivery systems, or support terrorist entities and state sponsors of terrorism. BIS focuses on dual-use commodities, that is, commercial items which, while not designed exclusively for use as weapons, delivery systems, or for terrorist purposes, have the potential for these types of misuses. Since the beginning of Fiscal Year 2005 (October 2004 to Present), OEE investigations have resulted in 22 arrests, 31 criminal convictions and criminal fines totaling \$7.7 million. During that same time period, BIS has also imposed more than \$6.8 million in administrative penalties, 31 export denial orders and other administrative sanctions as a result of more than 69 closed administrative enforcement cases. A list of some significant cases follows.

### **WMD and Missile Proliferation**

***Nuclear Detonators to Pakistan*** – On August 4, 2005 Asher Karni, a South African businessman was sentenced to three years imprisonment as part of his guilty plea to conspiracy and export violations arising out of his unlawful exports to Pakistan and India of U.S. origin goods controlled for nuclear nonproliferation reasons. On April 8, 2005, the U.S. Attorney for the District of Columbia announced that Humayan Khan, of Islamabad, Pakistan had been indicted for conspiring to violate, and, on three occasions, violating U.S. export restrictions on goods controlled for nuclear nonproliferation reasons Khan is alleged to have arranged, through Karni, the purchase and export to Pakistan of U.S. origin triggered spark gaps, which can be used as nuclear weapons detonators. Khan falsely indicated that the goods were intended for medical use. Khan, currently in Pakistan, and his company, Parkland PME Corporation, are presently subject to a Temporary Denial Order to prevent further violations as this case proceeds. OEE, the

Federal Bureau of Investigation (FBI) and the Department of Homeland Security's Bureau of Immigration and Customs Enforcement (ICE) jointly conducted this investigation.

***Laboratory Equipment to Pakistan*** – In September 2003, Omega Engineering of Stamford, Connecticut and its Chief Financial Officer, Ralph Michel were sentenced for criminal violations related to exports of laboratory equipment to Pakistan. The court found that Omega and Michel willfully shipped the equipment via Germany to an entity of the Pakistani military that was of concern for nuclear nonproliferation reasons. Omega was sentenced to pay a \$313,000 criminal fine, and Michel was sentenced to five months imprisonment and five months home confinement. Additionally, BIS assessed Omega a \$187,000 administrative penalty and issued orders denying both Omega's and Michel's export privileges to Pakistan for five years. OEE and ICE jointly conducted this investigation.

***Pulse Generators to India*** – On June 6, 2004, BNC Corp. of San Rafael, California (previously Berkeley Nucleonics Corporation) was sentenced to five years probation and a \$300,000 criminal fine for illegally exporting pulse generators to two entities in India without required export licenses. The end-users were listed on BIS's entity list for nuclear non-proliferation reasons. Two former employees of BNC, Richard Hamilton and Vincent Delfino, were convicted in December 2003 for their role in these exports. Each was sentenced to two years probation, a \$1000 fine, and 100 hours of community service and was prohibited from engaging in or facilitating export transactions. BIS assessed BNC a \$55,000 administrative penalty and a five-year suspended denial of export privileges as part of an agreement with BNC to settle charges related to these unlicensed exports.

***Digital Oscilloscopes Controlled for Nuclear Nonproliferation Reasons to Israel*** – On March 21, 2005, Metric Equipment Sales pled guilty in the Northern District of California to one felony count of exporting digital oscilloscopes to Israel without a BIS license. The oscilloscopes, with sampling rates exceeding 1 GHz, are capable of being utilized in WMD development and missile delivery fields and are controlled for nuclear nonproliferation reasons. Metric was sentenced to a \$50,000 criminal fine. BIS assessed Metric a \$150,000 administrative penalty and a five year suspended denial of export privileges as part of an agreement with Metric to settle charges related to these unlicensed exports.

***Controlled Items to Iranian Ballistic Missile Facility*** – On February 2, 2005, the U.S. Attorney for the District of Connecticut announced an indictment charging Mohammed Farajbakhsh, Hamid Fatholoomy and their U.A.E.-based companies Diamond Technology and Akeed Trading with conspiring to illegally export goods to Iran via the U.A.E. The defendants were alleged to have shipped computer goods from a U.S. supplier to an entity affiliated with Iran's ballistic missile program, as well as satellite communications equipment and other goods. OEE, the Defense Criminal Investigative Service (DCIS) and ICE jointly conducted this investigation.

***Computer Chips with Guidance System Applications to China*** – On October 6, 2004, Ting-Ih Hsu, a naturalized U.S. citizen and president of Azure Systems, Inc., and Hai Lin Nee, a Chinese citizen and an employee of Azure, were sentenced to three years probation for false statements in connection with the illegal export of low-noise amplifier chips to China. The defendants falsely described the goods as "transistors" in export documents. These goods have application in the U.S. Hellfire missile. OEE and ICE jointly conducted this investigation.

***Industrial Furnace to China*** – On May 28, 2004, Elatec Technology Corporation and its president, William Kovacs pled guilty to charges that they conspired to violate U.S. export

licensing requirements in connection with the export of an industrial furnace to an entity of concern in China. Elatec's export license application for this transaction had previously been denied by BIS due to missile technology concerns. Sentencing is pending. An associate, Stephen Midgley, separately pled guilty on January 10, 2005 to falsely stating in export documents that the furnace did not require an export license when the goods were shipped to China. Midgley was sentenced to one year probation, 120 hours community service and a \$1,500 fine. BIS assessed Midgley a \$5,000 (\$4,000 suspended) administrative penalty as part of an agreement with Midgley to settle charges related to this unlicensed export. OEE and ICE jointly conducted this investigation.

***Thermal Insulation Blankets to China*** – On May 17, 2005, Vladimir Alexanyan, owner of Valtex International, was ordered to pay a \$12,000 criminal fine, was sentenced to three years probation and was ordered to refrain from any international activities/trade for the term of his probation. Valtex International was ordered to pay a \$250,000 criminal fine. In February 2005, Vladimir Alexanyan and Valtex pled guilty to export violations and false statements in connection with the attempted export of satellite/missile insulation blankets to the Chinese Academy of Space Technology in Beijing. BIS had previously rejected Valtex's application for an export license for these items. The goods were seized in San Francisco before their shipment from the United States. BIS assessed Alexanyan an \$88,000 administrative penalty and Valtex a \$77,000 administrative penalty as part of agreements to settle charges related to this attempted unlicensed export. Both Valtex and Alexanyan are also subject to five year denials of export privileges to China. Further, Valtex agreed to implement an export management system. OEE and ICE jointly conducted this investigation.

***Bubonic Plague to Tanzania*** – On March 10, 2004, Thomas Campbell Butler, MD, a professor at Texas Tech University was sentenced to two years imprisonment, three years supervised release and fines and restitution totaling more than \$50,000 for export violations, false statements, theft, embezzlement, fraud, and mail and wire fraud. Butler had been arrested in January 2003 for falsely reporting to the FBI that 30 vials of bubonic plague bacteria that had been destroyed by Butler were missing and presumed stolen from his university laboratory. An investigation into Butler's report uncovered that Butler had earlier exported a related set of bubonic plague bacteria to Tanzania in September 2002 without the required licenses. OEE jointly conducted this investigation as a member of the North Texas Joint Terrorism Task Force.

***Chemical and Biological Weapons Controlled Toxins to Syria*** – On July 22, 2005, six individuals, all former employees of Maine Biological Labs, were sentenced in U.S. District Court in Bangor, Maine in connection with various charges including conspiracy, illegal exports, smuggling, false statements, aiding and abetting and anti-boycott offenses in connection with unlicensed exports of virus toxins to Syria. One former employee was sentenced to 2 years probation; the remaining five were each sentenced to terms of imprisonment ranging from 9 months to 12 months 1 day. The court also imposed criminal fines ranging from \$5,000 to \$30,000 on the defendants. Two other former employees were previously convicted on similar charges and sentenced to probation. On August 5, 2005, the company, Maine Biological Labs was criminally fined \$500,000 and placed on five years probation. OEE, the U.S. Department of Agriculture and ICE jointly conducted this investigation.

***Nuclear Nonproliferation Controlled Metals to India*** – In November 2003, BIS assessed Future Metals, Inc. of Tamarac, Florida, a \$180,000 administrative penalty as part of an agreement with Future Metals to settle charges related to unlicensed exports of aluminum bars and stainless steel sheets and tubes to India. Exports of the applicable aluminum bars to India are controlled for nuclear non-proliferation reasons. Future Metals also shipped, without the required license,

stainless steel sheets and tubes to Hindustan Aeronautics, Ltd. Engine Division in India, a company on the Commerce Department's Entity List, which identifies entities subject to export license requirements because of proliferation concerns.

***Nuclear Nonproliferation Controlled Metals to China, Taiwan, Malaysia and Singapore*** – In December 2003, BIS assessed a \$95,850 penalty against Reliance Steel and Aluminum Company as part of an agreement with Reliance to settle charges related to unlicensed exports of aluminum alloy rods to China, Taiwan and other destinations. Exports and reexports of these alloy rods are controlled for nuclear nonproliferation reasons.

***Nuclear Nonproliferation Controlled Metal to India, Israel and Other Destinations*** – In June 2004, BIS assessed a \$262,500 administrative penalty against Kennametal, Inc., as part of an agreement to settle charges related to unlicensed exports of controlled nickel powder to Israel, Taiwan, India and other destinations. Exports and reexports of the nickel powder at issue are controlled for nuclear nonproliferation reasons. BIS also charged that Kennametal failed to comply with reporting and record keeping requirements.

***Multiple Exports of Chemical and Biological Weapons Controlled Chemicals*** – On August 9, 2005, BIS assessed a \$142,450 administrative penalty against BJ Services Company of Tomball, Texas as part of an agreement that settled charges that between 1999 and 2002, BJ Services made 13 exports of items controlled for chemical and biological weapons reasons to various destinations without obtaining the required export licenses. The settlement agreement also requires that BJ Services must perform an audit of its internal compliance program that is required to be submitted to OEE.

***Chemical and Biological Weapons Controlled Toxins to Various Locations*** – In November 2002, BIS assessed a \$1.7 million dollar administrative penalty against Sigma Aldrich Business Holdings, Inc. and affiliated entities as part of agreements to settle charges related to unlicensed exports of biological toxins to a range of destinations.

***Chemical and Biological Weapons Controlled Toxins to Various Locations*** – In February 2004, BIS assessed administrative penalties totaling \$647,500 against Morton International, Inc. and affiliates Morton International, S.A.S. and Rohm and Haas, Japan, as part of agreements to settle charges related to unlicensed exports to Taiwan, Singapore, Mexico and other destinations. BIS charged that between 1999 and 2001 Morton International, Inc. exported and attempted to export thiodiglycol to Mexico and organo-inorganic compounds to Singapore and Taiwan without the required export licenses from BIS. BIS further charged that between 1997 and 2000, Morton International, Inc. affiliates Morton International, S.A.S. and Rohm and Haas Japan re-exported organo-inorganic compounds to Israel, Poland, Tunisia, Taiwan and India without the required export licenses from BIS. The applicable items are controlled for national security and chemical and biological weapons proliferation reasons.

***Chemical and Biological Weapons Controlled Toxins to Various Locations*** – In April 2004, BIS assessed a \$266,750 administrative penalty against Molecular Probes, Inc. as part of an agreement to settle charges related to unlicensed exports of conotoxin and tetrodotoxin to various locations. These toxins are controlled for chemical and biological weapons reasons.

***Chemical and Biological Weapons Controlled Items to Taiwan and Israel*** – In June 2004, BIS assessed a \$697,000 administrative penalty against Saint Gobain Performance Plastics Corporation as part of an agreement to settle charges of unlicensed exports of Teflon-coated pumps and valves to Israel and Taiwan. BIS also charged that Saint Gobain (and its predecessor

company, Furon Corp.) filed false Shippers Export Declarations with the government. The Teflon-coated pumps and valves are controlled for chemical and biological weapons reasons.

### **Terrorism/State Sponsors of Terrorism**

***Night Vision Equipment to Hezbollah*** – On August 9, 2005 Naji Antoine Abi Khalil pled guilty to criminal charges for attempting to export BIS and State Department controlled night vision units to Greece, knowing they would be shipped to the foreign terrorist organization Hezbollah in Beirut, Lebanon. In June 2004, Khalil was indicted for allegedly providing material support to a foreign terrorist organization, and has been in federal custody since his arrest. An associate of Khalil, Tomer Grinberg of Tober Group Inc., a Brooklyn, New York freight forwarder, was also arrested and indicted for his role in allegedly conspiring to export the same Commerce and State night vision units to Greece knowing they would be shipped to Lebanon, and pled guilty on July 28, 2005. Grinberg is free on bond and prosecution of both defendants is ongoing. OEE jointly conducted this investigation as a member of the New York Joint Terrorism Task Force.

***Houston Firm Attempts to Export Specialty Nickel Alloy Pipe to Iran*** – On September 15, 2005, PA Inc. of Houston, Texas, pled guilty to a criminal charge of attempting to violate the International Emergency Economic Powers Act resulting from an attempted illegal export of specialty nickel alloyed piping destined to Iran. On August 19, 2005, BIS assessed a \$50,000 administrative penalty and a five year suspended denial of export privileges as part of an agreement with PA Inc. to settle administrative charges related to these transactions.

***Terrorist Dealings/Computer Exports to Libya and Syria*** – On April 13, 2005, Infocom Corporation and its principals, Bayan, Ghassan, Basman, Hazim and Ihasan Elashi were convicted of dealing in the funds of a Specially Designated Terrorist, a high ranking member of Hamas. This was the second of two trials for Infocom and the Elashis. The first trial, completed in July 2004, resulted in convictions for conspiring to export computers and computer equipment to Libya and Syria. One of the Infocom principals was also convicted in 2002 for violating a BIS Temporary Denial Order (TDO) and was sentenced to 48 months imprisonment. Sentencing in the current cases is pending. OEE jointly conducted this investigation as a member of the North Texas Joint Terrorism Task Force.

***U.S. Firm Doing Business with National Iranian Gas Company*** – On June 9, 2005, GasTech Engineering Corporation and Parviz Khosrowyar, President and CEO of GasTech, were indicted for violations related to a \$12 million contract with the National Iranian Gas Company. GasTech attempted to evade U.S. sanctions against Iran by subcontracting a large portion of the contract to a Calgary, Canada firm. A five count superseding indictment was returned by the Grand Jury in the Northern District of Oklahoma charging Khosrowyar and GasTech with conspiracy, 18 U.S.C. 371, and three counts of IEEPA, 50 U.S.C. 1701-1706, for violations of the Iranian Transactions Regulations. OEE and ICE jointly conducted this investigation.

***Tire Manufacturing Equipment to Iran*** – On May 27, 2005 Petrom GmbH International Trade of Munich, Germany was ordered by the Department of Commerce to pay a civil penalty of \$143,000 and is subject to a denial period of twenty years for violating and conspiring to violate the Export Administration Regulations in connection with the unauthorized export and attempted export of U.S. origin tire manufacturing and other industrial commodities to Iran via Germany and Spain. OEE and ICE jointly conducted this investigation.

***Photo Laboratory Equipment to Iran*** – On April 1, 2005, the BEF Corporation (BEF) of Allentown, Pennsylvania, was sentenced to five years probation, ordered to pay a criminal fine of

\$350,000, criminally forfeit an additional \$150,000 and to pay a civil fine of \$39,000. Investigation revealed that between 2001 and 2002, BEF knowingly exported miniature photo labs to Iran without the export licenses required by the Department of Treasury, and made false statements on Shipper's Export Declarations, a required export form, to help BEF international customers avoid import duties. BEF is a company that buys one-hour photo processing machines, refurbishes them, and resells the equipment throughout the world. In November 2004, BEF pled guilty to one-count of violating the International Emergency Economic Powers Act and the Iranian Transactions Regulations. BEF also pleaded guilty to ten counts of making false statements to the government. OEE and ICE jointly conducted this investigation.

***Tensile Strength Measuring Equipment to Iran*** – On March 1, 2005, Juan Sevilla, sales director of United Calibration Corporation of Huntington Beach, California, was indicted in Chicago for attempting to illegally export machinery and related software to measure the tensile strength of steel to Iran in violation of the U.S. embargo. Prosecution is pending. OEE and ICE jointly conducted this investigation.

***Experimental Aircraft and Electrical Components to Iran*** – On February 17, 2005, Ali Asghar Manzarpour of Brighton, United Kingdom, was arrested in Warsaw, Poland by Polish authorities at the request of the United States, in connection with alleged illegal exports to Iran in violation of the U.S. embargo. On February 25, 2005, a federal indictment was unsealed charging Manzarpour with the attempted export of an experimental, single-engine aircraft and exports of electrical components to Iran. Manzarpour was previously convicted and imprisoned in the United Kingdom for attempting to export U.S.-origin maraging steel to Iran. At the time British authorities noted that this steel, which is used to build centrifuges for uranium enrichment, appeared to be destined for Iran's nuclear weapons program. Prosecution is pending in the current case. OEE and ICE jointly conducted this investigation.

***Night Vision Lenses to Iran*** – On February 7, 2005, Erik Kyriacou, a former NBC cameraman and resident of Long Island, New York, pled guilty to a four count indictment charging him with attempting to illegally export night vision lenses to Iran. The lenses had been stolen from NBC News in New York. According to court documents, Kyriacou was attempting to sell the lenses on the Internet to undercover agents posing as international arms brokers. Kyriacou agreed to sell the lenses to the agents knowing that they were destined for shipment to Iran in violation of the U.S. embargo. On July 19, 2005, he was sentenced to five years probation, and four months home confinement, \$400 special assessment and restitution. OEE and ICE jointly conducted this investigation.

***Cryogenic Submersible Pumps to Iran*** – On December 7, 2004, Ebara International Corporation of Sparks, Nevada, was sentenced in U.S. District Court, Washington, D.C. for illegally exporting cryogenic submersible pumps to Iran in violation of the U.S. embargo. Ebara agreed to pay a \$6.3 million criminal fine and serve three years corporate probation. BIS assessed a \$121,000 administrative penalty and a three year suspended denial of export privileges as part of an agreement with Ebara to settle administrative charges related to these unlicensed exports. In a related criminal case, Everett Hylton, Ebara's founder and former Chief Executive Officer, pled guilty to conspiracy to make false statements, and agreed to a \$10,000 criminal fine and three years of probation. Hylton also agreed to a \$99,000 civil penalty and the imposition of a three-year suspended denial of export privileges as part of an agreement with BIS to settle administrative charges related to Ebara's exports to Iran.

***Oil Burning Nozzles to Iran*** – On January 20, 2005, Nozzle Manufacturing Company, previously dba Monarch Nozzle, of Swedesboro, New Jersey, pled guilty to knowingly shipping oil burning

nozzles to Iran in violation of the U.S. embargo. Nozzle Manufacturing was sentenced to pay a \$10,000 criminal fine and \$400 to the court. In related administrative cases, BIS and the Treasury Department's Office of Foreign Assets Control (OFAC) each assessed \$10,000 administrative penalties as a part of agreements to settle charges related to these unlicensed exports. The company was dissolved after sentencing. OEE and ICE jointly conducted this investigation.

***Forklift Parts to Iran*** – On August 11, 2004, Khalid Mahmood, dba Sharp Line Trading, of Dubai, U.A.E., and Mohammad Ali Sherbaf, a principal officer of Sepahan Lifter Company, of Iran, were indicted for alleged export violations in Sherbaf/Sepahan's proposed purchase of forklift radiators from a U.S. supplier in violation of the U.S. embargo. The transaction was allegedly structured through Mahmood/Sharp Line to conceal the ultimate destination of the goods. Prosecution is pending. OEE and ICE jointly conducted this investigation.

***Trenching Equipment to Libya*** – On December 3, 2004, Tesmec S.P.A., an Italian company, pled guilty to the attempted export of a trencher, valued in excess of \$1 million, for ultimate delivery to the Western Libya Gas Project in Libya. Tesmec was ordered to pay a criminal fine of \$85,000. OEE and ICE jointly conducted this investigation.

***Gas Analyzers to Iran*** – In December 2003, BIS assessed a five year denial of export privileges on Mahmoud Haghsheno Kashani as part of an agreement with Kashani to settle charges related to a knowing unlicensed export to Iran. BIS alleged that Kashani attempted to export replacement parts for a multiple gas analyzer from the United States through Germany to Iran with knowledge that the items were destined for Iran. BIS further alleged that Kashani misrepresented to the U.S. supplier that the goods were destined for Saudi Arabia.

#### **Unauthorized Military/Other Dual-Use**

***Signal Amplifiers to China*** – On May 9, 2005, Qing Chang (Frank) Jiang d.b.a. EHI Group U.S.A was found guilty of making a false statement to the U.S. Government concerning an export of national security controlled amplifiers to China. In March 2002, Chang applied to BIS for a license to export amplifiers to China. In May 2002, Jiang exported the controlled amplifiers while the license was still pending. In June 2002, when Jiang was interviewed by OEE agents regarding his license application, Jiang stated that he had canceled the deal, canceled the license and returned the amplifiers to the manufacturer. In November 2002, BIS rejected the license application citing end/user end/use concerns.

***Low Noise Amplifiers to China*** – On June 28, 2005, Zheng Zheng pled guilty to one count of false statements, Title 18 U.S.C. 1001, in connection with the export of low noise amplifiers controlled for national security reasons to China without obtaining the required license from the Department of Commerce. On August 17, 2005, Zheng's company, Univision, also pled guilty in connection with these exports. Both were sentenced to criminal fines of \$1000 each. OEE and ICE jointly conducted this investigation.

***National Security Controlled Electronic Equipment to China*** – On September 30, 2004, Ning Wen, Hailin Lin, Jian Guo Qu and Ruo Ling Wang were arrested on charges of conspiring to illegally export more than \$500,000 worth of controlled electronic components to China. BIS has issued Temporary Denial Orders against Ning Wen, Hailin Lin, Wen Enterprises and Beijing Rich Linscience Electronics to prevent further violations as this case proceeds. On July 25, 2005, Jian Guo Qu was sentenced to 46 months imprisonment, a \$2,000 criminal fine, two years supervised release and a \$100 special assessment. On September 21, 2005, Ning Wen was found

guilty at trial on all charges against him in regard to these exports. OEE, FBI, IRS and ICE jointly conducted this investigation.

***National Security Controlled Items to China*** – On July 29, 2004, seven individuals were indicted on charges that they used their companies, Universal Technologies, Inc. and Manten Electronics, Inc., to illegally export sensitive national security controlled items to state-sponsored institutes in China. The defendants allegedly illegally exported millions of dollars worth of controlled items potentially used in a variety of defense weapons systems including radar, electronic warfare and communications systems. On September 13, 2005, in US District Court, Newark, NJ, four former employees of Mantan Inc pled guilty to various charges. Weibu Xu, aka Xu Weibu, aka, Kevin Xu, pled guilty to a three counts of violating 18 USC 371 (Conspiracy to violate IEEPA and the Arms Export Control Act), 50 USC 1705(b) (IEEPA) and 22 USC 2778 (the Arms Export Control Act). Hao Li Chen aka Ali Chan pled guilty to a one count of violating 18 USC 371 (Conspiracy to violate IEEPA and the Arms Export Control Act). Xiu Ling Chen aka Linda Chen pled guilty to a one count of violating 18 USC 371 (Conspiracy to violate IEEPA and the Arms Export Control Act). Kwan Chun Chan aka Jenny Chan pled guilty to one count of violating 18 USC 371 (Conspiracy to violate IEEPA and the Arms Export Control Act). Prosecution of the other three individuals is pending. OEE, the FBI and ICE jointly conducted this investigation.

***Night Vision Technology to China*** – On June 3, 2004, Philip Cheng and Night Vision Technology of San Jose, California were indicted for illegally the sale of military and commercial-grade night vision technology to China. The defendants allegedly entered into a contract with the Chinese military to produce night vision equipment in China. OEE, the FBI, the IRS and ICE jointly conducted this investigation.

***Satellite and Radar Technology to China*** – On May 6, 2004, Zhaoxin Zhu of Shenzhen, China pled guilty to conspiring to purchase controlled satellite and radar technology for illegal export to China. Zhu negotiated with undercover federal agents to purchase a variety of sensitive goods, including traveling wave tubes with satellite and radar applications, for export to China. On September 28, 2005, Zhu was sentenced to twenty-four months in prison and three years supervised release. OEE and ICE jointly conducted this investigation.

***National Security U.S. Technology to China (Deemed Export)*** – On April 26, 2004, Suntek Microwave, Inc. of Newark, California pled guilty to charges that Suntek and its former president, Charlie Kuan, failed to obtain required export licenses for shipments of detector log video amplifiers (DLVA), items controlled for national security reasons, to Chengdu Jeway Microwave Telecommunications, a company controlled by the Chinese government. Suntek was also charged with failing to obtain export licenses under the “deemed export” provisions of the Export Administration Regulations for Chinese nationals who worked at Suntek and were trained in DLVA manufacturing technology controlled by the EAR. Suntek agreed to pay a \$339,000 criminal fine. Kuan pled guilty and on July 25, 2005 was sentenced to twelve months and one day imprisonment, two years of supervised release, and a special assessment of \$300. BIS assessed Suntek a \$275,000 administrative penalty (suspended) and Kuan a \$187,000 administrative penalty (suspended) and issued orders denying both Suntek’s and Kuan’s export privileges for 20 years as part of agreements to settle charges related to these unlicensed transactions.

***Polygraph Machines to China*** – In February 2005, Stoelting Company, of Wood Dale, Illinois, and its president, LaVern Miller, were sentenced for criminal export violations in connection with the illegal export of polygraph machines to China without required export licenses. These items



are restricted to China for human rights reasons. Stoelting was sentenced to 2 ½ years corporate probation and a \$20,000 criminal fine; while Miller was sentenced to 2 ½ years probation, including six months of electronically monitored home confinement, 500 hours community service and a criminal fine equivalent to the costs of his probation and monitoring, estimated to be \$18,000. In June 2004, Stoelting and Miller each agreed to pay \$44,000 administrative penalties to BIS and Stoelting agreed to a five-year suspended denial of export privileges as part of agreements to settle charges related to these unlicensed transactions.

***Violation of Temporary Denial Order*** – On January 29, 2004, Yaudat Mustafa Talyi, president of International Business Services, Ltd. pled guilty to two counts of violating a BIS Temporary Denial Order (TDO) placed against him and his company. BIS issued the TDO based on an OEE investigation establishing that Talyi was participating in a conspiracy to transship oil field equipment and industrial goods through the Netherlands to Libya in conjunction with a firm in the U.A.E. Talyi violated the terms of the TDO by attempting to smuggle oil field spare parts out of the U.S. to the U.A.E. in a shipment of a relative's personal effects; and by enlisting the aid of a business acquaintance in the U.S. to fill and export an order for oil field products to the U.A.E. on Talyi's behalf. Both shipments were seized. On April 28, 2004, Talyi was sentenced to five months imprisonment, 5 months home confinement, 12 months supervised release and a \$25,000 criminal fine. On December 20, 2004, BIS issued an order imposing an administrative fine of \$121,000 and 20 years denial of export privileges on Talyi.

***False Statements on Export Documents*** – In December 2004, Spector International, dba Norsal Export, pled guilty to providing false information on Shipper's Export Declarations regarding unlicensed exports of microwave amplifiers with potential radar applications and controlled for national security reasons, to China. Norsal was sentenced in February 2005 to a \$57,000 criminal fine.

***National Security Controlled Items to Taiwan*** – In January 2004, BIS assessed Emcore Corporation an administrative penalty of \$400,000 as part of an agreement with Emcore to settle charges related to a unlicensed exports to Taiwan and related violations. BIS alleged that between 2000 and 2003, Emcore Corporation made false statements to the U.S. Government and violated conditions on export licenses that it had received for exports of Metal Organic Vapor Disposition (MOCVD) tools, controlled for national security reasons, to Taiwan. Further, BIS alleged that Emcore exported MOCVD tools to Taiwan between 1998 and 2003 without the required export licenses, illegally serviced the tools, failed to file Shipper's Export Declarations, and failed to retain certain export control documents.

***National Security Controlled Technology to Chinese and Iranian Nationals (deemed export)*** – In April 2004, BIS assessed New Focus, Inc., an administrative penalty of \$200,000 as part of an agreement with New Focus to settle charges related to unlicensed deemed exports to foreign nationals and other exports. In particular, BIS alleged that New Focus failed to obtain the export licenses required for transferring technology to two Iranian nationals and one Chinese national who, in the course of their employment in the United States, were exposed to national security controlled manufacturing technology. BIS also alleged that New Focus failed to obtain the required export licenses for shipments of national security controlled amplifiers to the Czech Republic, Singapore, and Chile.

***National Security Controlled Technology to Chinese and Ukrainian Nationals (deemed export)*** – In November 2004, BIS assessed Fujitsu Network Communications, Inc. an administrative penalty of \$125,000 as part of an agreement with Fujitsu to settle charges related

to unlicensed deemed exports to foreign nationals. In particular, BIS alleged that Fujitsu failed to obtain the export licenses required for transferring commercial digital fiber-optic transmission and broadband switching technology to Chinese and Ukrainian nationals. The applicable technology is subject to national security controls.

***National Security Controlled Items and Technology to China (deemed export)*** – In September 2004, BIS assessed a \$560,000 administrative penalty against Lattice Semiconductor Corporation as part of an agreement to settle charges of unlicensed exports of extended range programmable logic devices and technical data to China and the deemed export of controlled technology to Chinese nationals. The items and technology are controlled for national security reasons.

***Night Vision Cameras to Various Destinations*** – In April 2004, BIS assessed Roper Scientific, Inc. an administrative penalty of \$422,000 as part of an agreement with Roper Scientific to settle charges related to unlicensed exports of night vision cameras. The cameras are controlled for national security reasons and were exported to various destinations, including South Korea, Japan, and Italy. BIS further alleged that Roper also failed to retain certain export control documents and made false statements on a Shipper's Export Declaration.

***High Performance Computers to China*** – In December 2003, BIS assessed Sun Microsystems, Inc. a \$269,000 administrative penalty and imposed a one year suspended denial of its export privileges as part of an agreement with Sun to settle charges related to exporting computers to military end-users in China and Egypt without the required BIS licenses, among other violations. BIS also settled cases with two of Sun's subsidiaries, for aiding and abetting the unlicensed export to the military end-user in China.

***Exports of Gun Sights*** – In February 2005, BIS assessed a \$510,000 administrative penalty against Bass Pro., Inc. as part of an agreement to settle charges related to the unlicensed export of gun sights to a range of destinations. Gun sights are controlled for human rights and anti-terrorism reasons.

*BIS Export Enforcement: Keeping the most sensitive goods out of the most dangerous hands.  
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